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## SENATE BILL No. 488

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### DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 6-3.1-19; IC 36-7-13.

**Synopsis:** Community revitalization enhancement districts. Provides that a county may establish a community revitalization enhancement district if the county's annual rate of unemployment has been above the average annual statewide rate of unemployment during the two preceding years. Specifies that for purposes of the community revitalization enhancement district tax credit, a taxpayer is not required to have a qualified investment approved by the department of commerce before the investment is made. Provides that the credit may be assigned to a redevelopment commission, the enterprise zone board, an urban enterprise association, or a nonprofit organization. Allows these entities to reassign the credit. Provides that bonds under the industrial development fund provisions must be issued before 2002. Provides that a property tax levy for an industrial development fund may not be imposed after 2001. Changes the membership of the advisory commissions on industrial development.

**Effective:** January 1, 2002.

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January 22, 2001, read first time and referred to Committee on Energy and Economic Development.

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First Regular Session 112th General Assembly (2001)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2000 General Assembly.

## SENATE BILL No. 488

A BILL FOR AN ACT to amend the Indiana Code concerning economic development.

*Be it enacted by the General Assembly of the State of Indiana:*

1 SECTION 1. IC 6-3.1-19-2 IS AMENDED TO READ AS  
2 FOLLOWS [EFFECTIVE JANUARY 1, 2002]: Sec. 2. As used in this  
3 chapter, "qualified investment" means the amount of a taxpayer's  
4 expenditures that is:

- 5 (1) for redevelopment or rehabilitation of property located within  
6 a community revitalization enhancement district designated under  
7 IC 36-7-13;  
8 (2) made under a plan adopted by an advisory commission on  
9 industrial development under IC 36-7-13; and  
10 (3) approved by the department of commerce. ~~before the~~  
11 ~~expenditure is made.~~

12 SECTION 2. IC 6-3.1-19-3 IS AMENDED TO READ AS  
13 FOLLOWS [EFFECTIVE JANUARY 1, 2002]: Sec. 3. (a) Subject to  
14 section 5 of this chapter, a taxpayer is entitled to a credit against the  
15 taxpayer's state and local tax liability for a taxable year if the taxpayer  
16 makes a qualified investment in that year.

17 (b) The amount of the credit to which a taxpayer is entitled is the



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1 qualified investment made by the taxpayer during the taxable year  
2 multiplied by twenty-five percent (25%).

3 (c) A taxpayer may assign any part of the credit to which the  
4 taxpayer is entitled under this chapter to:

5 (1) a lessee of property redeveloped or rehabilitated under section  
6 2 of this chapter;

7 (2) a redevelopment commission established under IC 36-7;

8 (3) the enterprise zone board established by IC 4-4-6.1-1;

9 (4) an urban enterprise association established under  
10 IC 4-4-6.1-4; or

11 (5) a nonprofit organization exempt from federal income  
12 taxation under Section 501(c)(3) of the Internal Revenue  
13 Code.

14 A credit that is assigned under this subsection remains subject to this  
15 chapter. **An entity described in subdivisions (2) through (5) may**  
16 **reassign the credit to any other taxpayer.**

17 (d) An assignment under subsection (c) must be in writing and both  
18 the taxpayer and the lessee must report the assignment on their state tax  
19 return for the year in which the assignment is made, in the manner  
20 prescribed by the department. The taxpayer may not receive value in  
21 connection with the assignment under subsection (c) that exceeds the  
22 value of the part of the credit assigned.

23 SECTION 3. IC 36-7-13-1.6 IS AMENDED TO READ AS  
24 FOLLOWS [EFFECTIVE JANUARY 1, 2002]: Sec. 1.6. As used in  
25 this chapter, "district" refers to a community revitalization  
26 enhancement district designated under section **10.6** or 12 of this  
27 chapter.

28 SECTION 4. IC 36-7-13-2.4, AS AMENDED BY P.L.138-1999,  
29 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
30 JANUARY 1, 2002]: Sec. 2.4. As used in this chapter, "gross retail  
31 base period amount" means:

32 (1) the aggregate amount of state gross retail and use taxes  
33 remitted under IC 6-2.5 by the businesses operating in the  
34 territory comprising a district during the full state fiscal year that  
35 precedes the date on which:

36 (A) an advisory commission on industrial development  
37 adopted a resolution designating the district, in the case of a  
38 district that is not described in section 12(c) of this chapter; or

39 (B) the legislative body of a county adopts an ordinance  
40 designating a district under section 10.6 of this chapter; or

41 (2) an amount equal to:

42 (A) the aggregate amount of state gross retail and use taxes

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remitted:

- (i) under IC 6-2.5 by the businesses operating in the territory comprising a district; and
- (ii) during the month in which an advisory commission on industrial development adopted a resolution designating the district; multiplied by

(B) twelve (12);

in the case of a district that is described in section 12(c) of this chapter.

SECTION 5. IC 36-7-13-3.2, AS AMENDED BY P.L.138-1999, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2002]: Sec. 3.2. As used in this chapter, "income tax base period amount" means:

- (1) the aggregate amount of state and local income taxes paid by employees employed in the territory comprising a district with respect to wages and salary earned for work in the district for the state fiscal year that precedes the date on which:

(A) an advisory commission on industrial development adopted a resolution designating the district, in the case of a district that is not described in section 12(c) of this chapter; or

**(B) the legislative body of a county adopts an ordinance designating a district under section 10.6 of this chapter; or**

- (2) an amount equal to:

(A) the aggregate amount of state and local income taxes paid by employees employed in the territory comprising a district with respect to wages and salary earned for work in the district during the month in which an advisory commission on industrial development adopted a resolution designating the district; multiplied by

(B) twelve (12);

in the case of a district that is described in section 12(c) of this chapter.

SECTION 6. IC 36-7-13-4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2002]: Sec. 4. (a) To provide money for the purposes set forth in section 3 of this chapter, the unit shall create a special revolving fund to be known as the industrial development fund, into which any available and unappropriated money of the unit may be transferred by the unit's legislative body.

(b) **Before January 1, 2002**, the legislative body may also by ordinance levy a tax not to exceed one and sixty-seven hundredths cents (\$0.0167) on each one hundred dollars (\$100) of assessed value of all personal and real property within its jurisdiction. The proceeds

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of this tax shall be deposited in the industrial development fund. The unit may collect the tax as other municipal or county taxes are collected, or may set up a system for the collection and enforcement of the tax in the unit. The proceeds of the tax may be used for any purpose authorized by this chapter and may be pledged for the payment of principal and interest on bonds or other obligation issued under this chapter **before January 1, 2002.**

SECTION 7. IC 36-7-13-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2002]: Sec. 5. (a) In order to coordinate the efforts of the unit and any private industrial development committee in the community, an advisory commission on industrial development shall be appointed by the unit's executive.

(b) Except as provided in subsection (d), the commission shall be composed of ~~six (6)~~ **ten (10)** members, including at least:

- (1) one (1) representative of the unit's government; ~~at least~~
- (2) one (1) representative of the local industrial development committee; ~~at least~~
- (3) one (1) representative of a local banking institution; ~~at least~~
- (4) one (1) representative of a local utility company; ~~and at least~~
- (5) one (1) representative of organized labor; ~~from the building trades.~~
- (6) **two (2) representatives chosen by the five (5) largest employers in the unit;**
- (7) **one (1) representative of a nonprofit community development corporation; and**
- (8) **if an enterprise zone under IC 4-4-6.1 is located wholly or partially within the unit, one (1) representative of the urban enterprise association established for the enterprise zone.**

A member of the commission may **not** represent more than one (1) of the organizations enumerated.

(c) The unit's legislative body shall request the commission's recommendations. The legislative body may not conduct any business requiring expenditures from the industrial development fund or make any sale or lease of property acquired by the unit under this chapter without the approval, in writing, of a majority of the members of the commission.

(d) In addition to the members described in subsection (b), if the executive of a unit has submitted a petition to a commission under section 10 of this chapter **or if the legislative body of a county has adopted an ordinance designating a district under section 10.6 of this chapter**, the following persons are members of the commission:

- (1) A member appointed by the governor.

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(2) A member appointed by the lieutenant governor.

(3) A member appointed by the director of the department of workforce development.

SECTION 8. IC 36-7-13-10.6 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2002]: **Sec. 10.6. (a) This section applies only to a county in which the county's annual rate of unemployment has been above the average annual statewide rate of unemployment during the two (2) preceding years.**

**(b) In a county described in subsection (a), the legislative body of the county may adopt an ordinance designating all or a part of the county as a district. The legislative body of the county may designate more than one (1) district.**

SECTION 9. IC 36-7-13-13 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2002]: **Sec. 13. (a) If an advisory commission on industrial development designates a district under section 12 of this chapter or if the legislative body of a county adopts an ordinance designating a district under section 10.6 of this chapter, the advisory commission, or, in the case of a district designated under section 10.6 of this chapter, the legislative body shall send a certified copy of the resolution or ordinance designating the district to the department of state revenue by certified mail and shall include with the resolution a complete list of the following:**

(1) Employers in the district.

(2) Street names and the range of street numbers of each street in the district.

The advisory commission, **or, in the case of a district designated under section 10.6 of this chapter, the legislative body** shall update the list before July 1 of each year.

(b) Not later than sixty (60) days after receiving a copy of the resolution **or ordinance** designating a district, the department of state revenue shall determine the gross retail base period amount and the income tax base period amount.

SECTION 10. IC 36-7-13-15 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2002]: **Sec. 15. (a) If an advisory commission on industrial development designates a district under this chapter or the legislative body of a county adopts an ordinance designating a district under section 10.6 of this chapter, the treasurer of state shall establish an incremental tax financing fund for the county. The fund shall be administered by the treasurer of state. Money in the fund does not revert to the state general fund at the end of a state fiscal year.**

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(b) Subject to subsection (c), the following amounts shall be deposited during each state fiscal year in the incremental tax financing fund established for the county under subsection (a):

(1) The aggregate amount of state gross retail and use taxes that are remitted under IC 6-2.5 by businesses operating in the district, until the amount of state gross retail and use taxes deposited equals the gross retail incremental amount for the district.

(2) The aggregate amount of state and local income taxes paid by employees employed in the district with respect to wages earned for work in the district, until the amount of state and local income taxes deposited equals the income tax incremental amount.

(c) The aggregate amount of revenues that is:

(1) attributable to:

(A) the state gross retail and use taxes established under IC 6-2.5;

(B) the gross income tax established under IC 6-2.1;

(C) the adjusted gross income tax established under IC 6-3-1 through IC 6-3-7; and

(D) the supplemental net income tax established under IC 6-3-8; and

(2) deposited during any state fiscal year in each incremental tax financing fund established for a county; may not exceed one million dollars (\$1,000,000) per county.

(d) On or before the twentieth day of each month, all amounts held in the incremental tax financing fund established for a county shall be distributed to the district's advisory commission on industrial development for deposit in the industrial development fund of the unit that requested designation of the district.

SECTION 11. IC 36-7-13-16, AS AMENDED BY P.L.138-1999, SECTION 6, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2002]: Sec. 16. (a) **Before January 1, 2002**, a unit may issue bonds or other obligations to finance the costs of addressing the development obstacles described in section 12(b)(3) or 12(c) of this chapter in the district.

(b) The district bonds are special obligations of indebtedness of the district. The district bonds issued under this section, and interest on the district bonds, are payable solely out of amounts deposited in the industrial development fund under this chapter.

SECTION 12. IC 36-7-13-17, AS AMENDED BY P.L.1-1999, SECTION 82, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2002]: Sec. 17. Money in the industrial development fund may be pledged **before January 1, 2002**, by an advisory

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commission for the following purposes:

(1) To pay debt service on bonds or other obligations issued under this chapter.

(2) To establish and maintain a debt service reserve established by the advisory commission.

SECTION 13. IC 36-7-13-20 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2002]: Sec. 20. The general assembly covenants that this chapter will not be repealed or amended in a manner that will adversely affect:

(1) the owner of bonds or other obligations issued under this chapter **before January 1, 2002; or**

(2) **the claiming of a credit, including any credit carryover, for a taxpayer's qualified investment that is approved by the department of commerce under IC 6-3.1-19.**

SECTION 14. [EFFECTIVE JANUARY 1, 2002] **IC 6-3.1-19-2 and IC 6-3.1-19-3, both as amended by this act, apply only to taxable years beginning after December 31, 2001.**

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